

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-3924/1dn  
MDK:wlj:jf

February 13, 2014

Rep. Shankland:

Please review this version of the bill to make sure it achieves your intent. In particular, please note the following:

1. Under the previous version, the authority's loans, loan guarantees, grants, and other assistance was generally limited to clean or renewable energy or biobased businesses. You wanted to expand the foregoing to include businesses and projects that reduce energy consumption or improve energy efficiency. This version accomplishes that by creating definitions for "eligible business" and "eligible project." See proposed s. 235.01 (5) and (6). (The "eligible project" definition is based, in part, on the definition for certain public utility projects under s. 196.49 (3) (a).) Please review those definitions to make sure that they satisfy your intent. You should also note the related changes in the following: s. 235.02 (1) (a) 1. (requiring four members of the authority board to represent eligible businesses); ss. 235.14 (1) (b) 1. and 2. and 235.15 (2) (a) 1. and 2. (referring to loans for capital, operating expenses, or both of eligible businesses and loans for any expenses of eligible projects); s. 235.17 (grants for eligible businesses and projects); s. 235.18 (intro.) (promotion of eligible businesses or projects); s. 235.18 (1) (revolving loan fund for eligible businesses or projects); and s. 235.18 (4) (technical assistance to eligible businesses).

2. "Eligible project" is defined to refer to certain projects involving plants, equipment, property, or facilities of commercial entities. As a result, a project involving a residence would not qualify as an eligible project. However, a commercial entity that provides services related to energy consumption or efficiency for a residence might qualify for assistance as an eligible business. Is that okay?

3. Please review proposed s. 235.15 (2) (i), which is a requirement I created for loan guarantees for eligible projects. Is it okay? If not, do you want to substitute a different requirement?

4. The previous version of the bill contained the following language in s. 235.15 (2) (d), which I deleted from this version of the bill: "If the authority will make a payment under sub. (5) with respect to the loan, the rate of interest on the loan for which the borrower is obligated, including any origination fees or other charges relating to the loan, does not exceed the rate determined under par. (c) minus a percentage determined by the authority that does not exceed 2 percent." I deleted that language

because I'm not sure what it accomplishes and I don't think it applies to loan guarantees under the bill. The language appears to be based on s. 234.90 (2) (d), which applies to agricultural production loans guaranteed by the Wisconsin development reserve fund. However, s. 234.90 (2) (d) applies only to loans that are subject to s. 234.90 (5), which provides: "If at the time of origination or extension the interest rate on a guaranteed loan and the prime lending rate as reported by the federal reserve board in federal reserve statistical release H. 15 each equals or exceeds 10%, the authority shall pay, from the moneys in the Wisconsin development reserve fund, to the participating lender making the loan, an amount equal to 2% of the principal amount of the loan." The proposal on which the bill is based does not include language that is comparable to s. 234.90 (5). Therefore, I don't think that language based on s. 234.90 (2) (d) is necessary. However, if you think otherwise, let me know.

5. I did not change proposed s. 235.18 (2), which allows the authority to implement a an equity financing program for renewable resource generation businesses owned and controlled by agricultural producers. Is that okay, or is it possible for an agricultural producer to own and control a business for reducing energy consumption or improving energy efficiency? If so, let me know, and I will revise proposed s. 235.18 (2) to include those types of businesses.

6. Proposed s. 235.18 (4) allows the authority to implement a program of technical assistance to community-based programs for reducing energy consumption, improving energy efficiency, or promoting the use of renewable resources. "Community-based program" is not defined. If you think a definition is necessary, please let me know how you think it should be defined.

7. I revised proposed s. 235.18 (5) to specify that the authority obtains licenses and royalties, which is consistent with the analysis that was included in the proposal you provided for the bill.

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